

Wholesale Trade

SCOPE

The Wholesale Trade sector (sector 42) comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise.

The wholesaling process is an intermediate step in the distribution of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of —

1. goods for resale (i.e., goods sold to other wholesalers or retailers),
2. capital or durable nonconsumer goods, or
3. raw and intermediate materials and supplies used in production.

Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office. These warehouses and offices are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic. Wholesalers do not normally use advertising directed to the general public. Customers are generally reached initially via telephone, in-person marketing, or by specialized advertising that may include Internet or other electronic means. Follow-up orders are either vendor-initiated or client-initiated, generally based on previous sales, and typically exhibit strong ties between sellers and buyers. In fact, transactions are often conducted between wholesalers and clients that have long-standing business relationships.

This sector comprises two main types of wholesalers: merchant wholesalers that sell goods on their own account and business to business electronic markets, and agents and brokers that arrange sales and purchases for others generally for a commission or fee.

1. Establishments that sell goods on their own account are known as wholesale merchants, distributors, jobbers, drop shippers, and import/export merchants. Also included as wholesale merchants are sales offices and sales branches (but not retail stores) maintained by manufacturing, refining, or mining enterprises apart from their plants or mines for the purpose of marketing their products. Merchant wholesale establishments typically maintain their own warehouse, where they receive and handle goods for their customers. Goods are generally sold without transformation, but may include integral functions, such as sorting, packaging, labeling, and other marketing services.
2. Establishments arranging for the purchase or sale of goods owned by others or purchasing goods, generally on a commission basis, are known as business to business electronic markets, agents and brokers, commission merchants, import/export agents and brokers, auction companies, and manufacturers' representatives. These establishments operate from offices and generally do not own or handle the goods they sell.

Some wholesale establishments may be connected with a single manufacturer and promote and sell the particular manufacturer's products to a wide range of other wholesalers or retailers. Other wholesalers may be connected to a retail chain, or a limited number of retail chains, and provide a variety of products needed by the retail operation(s). These wholesalers may obtain the products from a wide range of manufacturers. Still other wholesalers may not take title to the goods, but act as agents and brokers for a commission.

Although wholesaling normally denotes sales in large volumes, durable nonconsumer goods may be sold in single units. Sales of capital or durable nonconsumer goods used in the production of goods and services, such as farm machinery, medium and heavy duty trucks, and industrial machinery, are always included in wholesale trade.

Exclusions. Excluded from this sector are governmental organizations classified in the covered industries except for liquor wholesalers operated by state and local governments.

The tabulations for this sector do not include central administrative offices or other establishments that serve wholesale establishments within the same organization. Data for such establishments are classified according to the nature of the service they provide. For example, separate headquarters establishments are reported in NAICS sector 55, Management of Companies and Enterprises.

The reports described below exclude establishments of firms with no paid employees. These “nonemployers,” typically self-employed individuals or partnerships operating businesses that they have not chosen to incorporate, are reported separately in Nonemployer Statistics. The contribution of nonemployers may be examined at www.census.gov/nonemployerimpact.

Definitions. Industry categories are defined in Appendix B, NAICS Codes, Titles, and Descriptions. Other terms are defined in Appendix A, Explanation of Terms.

REPORTS

The following reports provide statistics on this sector.

Industry Series. There are 19 reports, each covering a group of related industries. The reports present, by kind of business for the United States, general statistics for establishments of firms with payroll on number of establishments, sales, payroll, and employment; comparative statistics for 2002 and 1997; product lines; and concentration of business activity in the largest firms. The data in industry reports are preliminary and subject to change in the following reports.

Geographic Area Series. There is a separate report for each state, the District of Columbia, and the United States. Each state report presents, for establishments of firms with payroll, general statistics on number of establishments, sales, payroll, employment, operating expenses, and inventory by kind of business for the state, metropolitan and micropolitan statistical areas, counties, and places with 2,500 inhabitants or more. Greater kind-of-business detail is shown for larger areas. The United States report presents data for the United States as a whole for detailed kind-of-business classifications.

Subject Series:

- **Product Lines.** This report presents sources of sales data for establishments of firms with payroll by kind of business. Data are presented for the United States and states.
- **Establishment and Firm Size (Including Legal Form of Organization).** This report presents sales, payroll, and employment data for the United States by sales size, by employment size, and by legal form of organization for establishments of firms with payroll; and by sales size (including concentration by largest firms), by employment size, and by number of establishments operated (single units and multiunits) for firms with payroll.
- **Miscellaneous Subjects.** This report presents data for a variety of industry-specific questions for establishments of firms with payroll. Presentation of data varies by kind of business.

Other reports. Data for this sector are also included in reports with multisector coverage, including *Nonemployer Statistics*, *Comparative Statistics*, *Bridge Between 2002 NAICS and 1997 NAICS*, *Business Expenses*, and the Survey of Business Owners reports.

GEOGRAPHIC AREAS COVERED

The level of geographic detail varies by report. Maps are available at www.census.gov/econ2002maps. Notes specific to areas in the state are included in Appendix D, Geographic Notes. Data may be presented for —

1. The United States as a whole.
2. States and the District of Columbia.

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3. Metropolitan and micropolitan statistical areas. A core based statistical area (CBSA) contains a core area with a substantial population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. CBSAs are differentiated into metropolitan and micropolitan statistical areas based on size criteria. Both metropolitan and micropolitan statistical areas are defined in terms of entire counties, and are listed in Appendix E, Metropolitan and Micropolitan Statistical Areas.
 - a. Metropolitan Statistical Areas (metro areas). Metro areas have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.
 - b. Micropolitan Statistical Areas (micro areas). Micro areas have at least one urban cluster of at least 10,000 but less than 50,000 population, plus adjacent territory that has a high degree of social and economic integration with the core as measured by commuting ties.
 - c. Metropolitan Divisions (metro divisions). If specified criteria are met, a metro area containing a single core with a population of 2.5 million or more may be subdivided to form smaller groupings of counties referred to as Metropolitan Divisions.
 - d. Combined Statistical Areas (combined areas). If specified criteria are met, adjacent metro and micro areas, in various combinations, may become the components of a new set of areas called Combined Statistical Areas. The areas that combine retain their own designations as metro or micro areas within the larger combined area.
 4. Counties and county equivalents defined as of January 1, 2002. Counties are the primary divisions of states, except in Louisiana where they are called parishes and in Alaska where they are called boroughs, census areas, and city and boroughs. Maryland, Missouri, Nevada, and Virginia have one place or more that is independent of any county organization and constitutes primary divisions of their states. These places are treated as counties and as places.
 5. Economic places.
 - a. Municipalities of 2,500 inhabitants or more defined as of January 1, 2002. These are areas of significant population incorporated as cities, boroughs, villages, or towns according to the 2000 Census of Population. For the economic census, boroughs, census areas, and city and boroughs in Alaska and boroughs in New York are not included in this category.
 - b. Consolidated cities defined as of January 1, 2002. Consolidated cities are consolidated governments that consist of separately incorporated municipalities.
 - c. Townships in Michigan, New Jersey, and Pennsylvania, and towns in New York, Wisconsin, and the six New England states with 10,000 inhabitants or more (according to the 2000 Census of Population).
 - d. Balance of county. Areas outside the entities listed above, including incorporated municipalities with populations of fewer than 2,500, towns and townships not qualifying as noted above, and the remainders of counties outside places are categorized as "Balance of county".

DOLLAR VALUES

All dollar values presented are expressed in current dollars; i.e., 2002 data are expressed in 2002 dollars, and 1997 data, in 1997 dollars. Consequently, when making comparisons with prior years, users of the data should consider the changes in prices that have occurred.

All dollar values are shown in thousands of dollars.

COMPARABILITY OF THE 1997 AND 2002 ECONOMIC CENSUSES

Both the 2002 Economic Census and the 1997 Economic Census present data based on the North American Industry Classification System (NAICS). Under the 1997 NAICS, Wholesale Trade was comprised of two subsectors: 421, Wholesale Trade, Durable Goods, and 422, Wholesale Trade,

Nondurable Goods. In addition, the U.S. Census Bureau presented data in the Wholesale Trade sector by three type-of-operation categories: 1) Merchant wholesalers, 2) Manufacturers' sales branches and offices, and 3) Agents, brokers, and commission merchants.

Under the 2002 NAICS, to recognize production differences in some types of operation, the Wholesale Trade sector was reorganized into three subsectors: 423, Merchant Wholesalers, Durable Goods; 424, Merchant Wholesalers, Nondurable Goods; and 425, Wholesale Electronic Markets and Agents and Brokers. The 2002 NAICS industry definitions for Merchant Wholesalers in subsectors 423 and 424 include type-of-operation categories for manufacturers' sales branches and offices, as well as the 1997 Census Bureau defined merchant wholesalers. Agents and brokers are defined as a separate NAICS industry in subsector 425 and are no longer included in the type-of-operation structure. For 2002, data are presented by two type-of-operation categories: 1) Merchant wholesalers, except manufacturers' sales branches and offices, and 2) Manufacturers' sales branches and offices. For more details, see Types of Operation in Appendix A.

RELIABILITY OF DATA

All data compiled for this sector are subject to nonsampling errors. Nonsampling errors can be attributed to many sources: inability to identify all cases in the actual universe; definition and classification difficulties; differences in the interpretation of questions; errors in recording or coding the data obtained; and other errors of collection, response, coverage, processing, and estimation for missing or misreported data. Data presented in the Miscellaneous Subjects and Product Lines reports for this sector are subject to sampling errors, as well as nonsampling errors.

The accuracy of these tabulated data is determined by the joint effects of the various nonsampling errors or by the joint effects of sampling and nonsampling errors. No direct measurement of these effects has been obtained except for estimation for missing or misreported data, as by the percentages shown in the tables. Precautionary steps were taken in all phases of the collection, processing, and tabulation of the data in an effort to minimize the effects of nonsampling errors. More information on the reliability of the data is included in Appendix C, Methodology.

DISCLOSURE

In accordance with federal law governing census reports (Title 13 of the United States Code), no data are published that would disclose the operations of an individual establishment or business. However, the number of establishments in a kind-of-business classification is not considered a disclosure; therefore, this information may be released even though other information is withheld. Techniques employed to limit disclosure are discussed at www.census.gov/epcd/ec02/disclosure.htm.

AVAILABILITY OF MORE FREQUENT ECONOMIC DATA

The County Business Patterns program offers annual statistics on the number of establishments, employment, and payroll classified by industry within each county, and Statistics of U.S. Businesses provides annual statistics classified by the employment size of the enterprise, further classified by industry for the United States, and by broader categories for states and metropolitan areas.

CONTACTS FOR DATA USERS

Questions about these data may be directed to the U.S. Census Bureau, Services Sector Statistics Division, Wholesale Census Branch, 1-800-541-8345 or wcb@census.gov.

ABBREVIATIONS AND SYMBOLS

The following abbreviations and symbols are used with these data:

D	Withheld to avoid disclosing data of individual companies; data are included in higher level totals
N	Not available or not comparable
S	Withheld because estimates did not meet publication standards
X	Not applicable
Z	Less than half the unit shown
a	0 to 19 employees
b	20 to 99 employees
c	100 to 249 employees
e	250 to 499 employees
f	500 to 999 employees
g	1,000 to 2,499 employees
h	2,500 to 4,999 employees
i	5,000 to 9,999 employees
j	10,000 to 24,999 employees
k	25,000 to 49,999 employees
l	50,000 to 99,999 employees
m	100,000 employees or more
r	Revised
—	Represents zero (page image/print only)
(CC)	Consolidated city
(IC)	Independent city